



November 17, 2023

Honorable Board of Supervisors
City and County of San Francisco
City Hall, Room 244
1 Carlton B. Goodlett Place
San Francisco, CA 94102

RE: Lease Agreement – Department of Public Health, 755 – 759 South Van Ness

Dear Board Members:

Background

Attached, for your consideration, is a Resolution authorizing and approving a lease agreement of approximately 13,545 square feet of office space, with an adjacent fenced parking lot of approximately 3,673 square feet, located at 755 and 759 South Van Ness Avenue for the Department of Public Health (DPH). DPH has occupied the premises since 2001 and currently operates three outpatient mental health programs at this location: (1) The Mission Family Center provides individual, family, parent and group therapy to children and adolescents with serious mental or emotional problems; (2) South Van Ness Adult Health provides supportive outpatient mental health services to adults, and (3) The Transitional Age Youth Programs deliver mental health case management, linkage and coordination of services to young adults, aged 16-22, with a history of emotional problems and difficulties in school, home, and the community, including involvement with the legal system and/or substance abuse.

The lease terminated on December 31, 2022 without any extension option. Base rent at the time was \$596,329.80 (\$44.03/square foot, net of utilities; monthly base rent \$49,694.15). The Real Estate Division ("RED"), on behalf of the Department of Public Health, negotiated continued occupancy under the lease's Holdover provision on a month to month basis, as of January 1, 2023, at an annual base rent of \$626,146.29 (\$46.23 per square foot, net of utilities; monthly base rent \$52,178.86) ("Holdover Rate").

New Lease

RED negotiated the new proposed lease which commences after approval by the Board of Supervisors and Mayor, and if approved, terminates on December 31, 2027, at the Holdover Rate for the first year with annual CPI adjustments at or between 3% and 5%. I have determined, in accordance with Administrative Code Section 23.27, that the Holdover Rate is at or below Fair Market Value.

The proposed lease provides one extension option of five (5) years at a new base rent equal to 95% of the Fair Market Rental price to be established at the time of extension pursuant to the terms of the Lease.

The Department of Public Health and the Real Estate Division recommend approval.

If you should have any questions regarding this matter, please contact Sandi Levine of our office at 415-361-1555.

Respectfully,

/s/

Andrico Q. Penick
Director of Real Estate